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BOOK REVIEWS AND NOTICES

La liquidation financière de la guerre. By HENRI CHARRIAUT and RAUOL HACAULT. Paris: Alcan, 1919. Pp. 96.

By "financial liquidation" the authors mean the question of indemnification of the allied nations by Germany. The study is a brief but very clear and dispassionate treatment of the issues involved in fixing the amount of the indemnity, its apportionment among the beneficiaries, and the financial procedure for levying, collecting, and disbursing it. Countries other than Germany in the Central Powers alliance are not mentioned. The first contention argued for is that Germany has suffered relatively much lighter losses, both material and human than has France and in the absence of heavy indemnities has really won the war. The double inference is drawn that Germany can and should make such indemnification. As to the amount which ought to be paid, there are three theories: the American, of reparation for direct property destruction only; the English, of reimbursement for all damages and losses incurred in consequence of the war indiscriminately; and the French, that all damages and costs are a legitimate obligation, but that the losses due to destruction should fall in a preferred class or constitute a prior lien. In the French view it is only "punitive" idemnities beyond war costs which are immoral, and it was in this respect that Germany sinned in 1871. The assumption throughout is that on Germany alone rests the entire responsibility and guilt of the war; nor is any distinction made between the "autocratic" Germany of the Kaiser and the Junkers and the present socialistic republic, though the point receives passing mention (p. 17). The danger of crippling Germany by an excessive levy—of starving the cow it is proposed to milk—is, however, emphasized; the amount to be demanded is what Germany can pay, "only what is possible, but all that is possible." The argument of the book is copiously supported by representative quotations from sources supposed to represent the public opinion of various countries. There is a very fair-minded discussion of the material damage suffered by France, admitting that some French estimates are greatly inflated. Follows a chapter surveying and classifying the means of payment available to Germany, but not giving numerical estimates.

The figure finally tentatively suggested for the indemnity, twenty billion dollars (the dollar being the most stable currency at present) is reached on the easy hypothesis that before the war Russia was prosperous with a debt of about one-fourth this amount and that Germany should be able to support four times as much as Russia. It is rather grudgingly admitted that Germany cannot pay the debt in gold and consequently the Allies must ultimately take it in produce, wherefore they will have to allow Germany raw materials and trade opportunities! Also that it must be spread over a long term of years—fifty is the period suggested. We may note too that the subject of national debts and interest payments is treated in crude financial terms, little account being taken of the commodity significances of governmental dealings, or even of the difference between internal and external obligations.

The latter part of the book deals with the apportionment problem, and in the reviewer's mind the case of France against the other Allies, especially the United States, is morally much better made out than that against Germany. The view is of course not popular in this country, but it seems quite arguable that whether we wish to treat the war as a crusade in the interest of civilization or as a mere fore-sighted act of self-defense on our part, we are hardly justified in taking a narrowly selfish advantage of our accidental strategic position in regard to its burdens. It is clear, as these authors contend, that if the allied nations aided France, France saved them. France should certainly be reimbursed for the excess of her war costs; Germany cannot do it in any case, and it is questionable whether she is under any valid moral obligation to pay extreme penalties. The German people have probably suffered more already from the mistakes, or if preferred the crimes, of their rulers than has any one else. And it is to the interest of the world to give liberal institutions in Germany a fair opportunity and all reasonable encouragement and not strangle the new régime with unbearable burdens. There is little chance for the dominance, either in this country or in England, of that small body of liberal opinion which really thinks in terms of a better world-order; hence it is no doubt quite futile to raise the contention that the costs of the war should be regarded as a burden laid upon the civilized world as a whole, and of which we should bear our share. The actual proposals of Messrs. Charriaut and Hacault are very mild. They suggest that when the indemnity has been fixed, in the form of an annuity, its proceeds should be made immediately available to the countries most in need through an inter-allied loan. The details are worked out at

length but are not of special interest. The authors seem to have little knowledge of America, where most of the bonds would surely have to be sold. They bring forward a lottery scheme in which in addition to four per cent interest, four-tenths of 1 per cent of the total principle would be distributed each year in prizes, according to the results of a drawing to be held in connection with the interest payments.

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Foreign Financial Control in China. By T. W. OVERLACH. New York: The Macmillan Company, 1919. Pp. xiii+295.

In discussing *Foreign Financial Control in China* Mr. Overlach is attempting a peculiarly difficult feat in intellectual gymnastics. He seems to recognize fairly clearly for the most part that the political relations of China to the Great Powers find their foundation and significance chiefly in the interests of the captains of finance. Hence his title. But like his predecessors in this field of inquiry the basis of his approach to the subject is a politico-legalistic point of view. While one can scarcely blame him for not having been an economist, it may not be out of place to remark that his book calls attention to the almost complete failure of political economy to touch upon this important question.

Mr. Overlach's bias in favor of seeing things in terms of political formalities leads him to begin his book with the hair-splitting distinction between "spheres of influence" and "spheres of interest," which enables him to preserve China's (nominal) sovereignty. And throughout the book he displays the "historian's fondness" for intimate knowledge of details and dates, carefully indexed and bibliographed; so that there is not much room left in his little volume for a discussion of the main problem. To be sure he does suggest in scattered phrases that foreign interest in China may be due to "overproduction of capital (in the business man's sense)" and overpopulation in the more advanced manufacturing countries. (One is inclined to compare the population of these western countries with China, and wonder if Mr. Overlach holds that capital leads to overcrowding.) And, after discussing the history of attempts at control by each of the six principal powers in China separately, he concludes from a review of their recent policies of co-operation that the prospects for future co-operation are bright. He shows his familiarity with the writings of some economists by